

March 20, 2002

Mr. William Caton
Acting Secretary, Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: *Miscellaneous Proceedings Concerning Advanced Telecommunications
Capability -- CC Docket Nos. 98-147, 01-338 and 02-33*

Ex parte presentation pursuant to C.F.R. §1.1206(a)(1)

Dear Mr. Caton:

Catena Networks, Inc. ("Catena") met yesterday and distributed the attached materials to Kyle Dixon of Chairman Powell's staff. Representing Catena were Doug Cooper and myself. Catena emphasized the need for prompt action by the Commission, because the current uncertainty was impeding investments by the carriers in remote terminal equipment such as Catena's. We explained how Catena's integrated line card technology provides a superior engineering solution to the problem of broadband deployment from certain legacy remote terminals to unserved and underserved consumers. Please contact the undersigned if you have any questions with regard to this submission.

Respectfully submitted,

Stephen L. Goodman
Halprin, Temple, Goodman & Maher
555 12th Street, N.W. Suite 950 North
Washington, D.C. 20004
(202) 371-9100

Counsel for Catena Networks, Inc.

Catena Networks, Inc.

March 19, 2002

Catena Networks is a venture funded Delaware Corporation with headquarters in Redwood Shores, California that employs approximately 325 people. Catena to date has raised \$192 million to support the development of its new technology. Catena is a technology company – we have successfully developed and refined integrated line-card technology that solves the problem of economically providing broadband DSL to all Americans, including unserved and underserved consumers that are connected to their telephone company via remote terminals.

Catena's goal has been to make broadband service economical for mass markets. Catena's first product is the CNX-5 Broadband ADSL system, which can upgrade (without replacing) certain legacy remote terminals to provide customers with both POTS and ADSL service on any copper pair, without reducing the number of available POTS lines. Some 20 million customers, many of them in rural areas, are served by these legacy remote terminals owned in large part by the four largest ILECs.

Catena's technology works. It has been successfully tested by most of the largest Telcos in the U.S., and it has already been deployed by several Independent Telcos.

However, regulatory uncertainty and proposals for regulation of incumbent carrier deployment of new technologies have created disincentives for new investment and slowed the purchase of advanced technology. Catena's experiences reinforce the critical role regulation plays in making broadband service available – it is not just “posturing” by the facilities-based carriers. Our largest prospective customers – despite their having completed the testing of our products -- are deferring deployment of new broadband technology because of concerns over the uncertainty of FCC regulation as well as regulatory obligations being considered by particular state commissions. In Catena's recent round of financing, concern with the current state of ILEC regulations also significantly undermined prospective investor confidence. We submit that the current regulatory environment is stifling investment in solutions that will enable US Telephone companies to make broadband available to the general population – urban, suburban, and rural.

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What we would like the Commission to do:

- Act quickly to resolve the outstanding rulemaking proceedings to develop a cohesive broadband policy that does not create disincentives (such as unworkable access and pricing) for investment in new broadband technologies. We believe the Commission has proposed such a framework.
- Act even faster to resolve discrete remote terminal collocation issues that are outstanding in separate proceedings so as to remove any potential impediments to the deployment of integrated broadband technology.
- Do not allow inconsistent state regulatory decisions to frustrate the critical federal policy of fostering the rapid deployment of broadband services.